



CALIFORNIA

STATE BUDGET HIGHLIGHTS



GRAY DAVIS, GOVERNOR
STATE OF CALIFORNIA

1999-2000



TABLE OF CONTENTS

OVERVIEW	3
THE ECONOMY	9
REVENUE ESTIMATES	13
TAX RELIEF	17
PROGRAM EXPENDITURES	
EDUCATION	24
PUBLIC SAFETY & JUDICIARY	42
PROTECTING THE ENVIRONMENT	52
INFRASTRUCTURE & TRANSPORTATION	56
TRADE & COMMERCE	57
HOUSING	58
HEALTH & HUMAN SERVICES	60
LOCAL GOVERNMENT	75
GENERAL GOVERNMENT	77
SUMMARY CHARTS	84



OVERVIEW



OVERVIEW

The 1999-00 Budget includes important new investments in public education. It significantly increases spending beyond the Proposition 98 guarantee, raises per-pupil funding to an all-time high, and fully funds the Governor's new education initiatives. The Budget also makes major investments in the protection of natural resources, provides funding for new public works projects, and supports the enhancement of public safety. Furthermore, the Budget significantly assists local government, provides new tax relief and includes a prudent reserve.

- ★ **Record Spending Levels for Education.** Reflecting the Administration's commitment to education as its top priority, investment in the public schools is significantly increased. Total spending on education from all sources is \$44.3 billion, an increase of \$3.2 billion (7.8 percent) over the previous year. Total Proposition 98 spending is \$37.9 billion, an increase of \$2.3 billion (6.5 percent). Per-pupil spending increases \$274, nearly five percent, to \$6,025. Total combined spending for K-12 and higher education accounts for 54 percent of the General Fund budget. The Budget fully funds the Governor's initiatives to improve instructional quality, enhance teacher quality and recruitment, increase school accountability and performance, and provide for improved campus safety. The Budget also provides for reductions in student fees at the University of California, California State University, and California Community Colleges.
- ★ **Substantial New Investment in Public Safety.** The Budget includes \$24 million for planning and acquisition for a new prison, with construction to be financed by lease revenue bonds. The Budget also provides new funds for local law enforcement grants, corrections reforms for



prison inmates and parolees, increased correctional officer training, additional parole officers, implementation of a water restraint system, and rural crime prevention and elder abuse programs.

- ★ **Protecting Natural Resources and the Environment.** The Budget dedicates \$157 million to a major restoration of California's State Parks, includes \$158 million for land acquisitions to preserve and protect open spaces and natural habitats, and provides \$47.5 million for grants to local agencies for local parks programs. The Budget also includes \$5.8 million to remediate MTBE contamination, and \$23 million to continue and expand the Air Quality Standards Attainment Program to assist the replacement of high-polluting diesel engines with lower polluting alternatives.
- ★ **Investment in Infrastructure.** The Budget includes \$1.4 billion for infrastructure improvements and investments statewide, including construction projects at university and college campuses, and acquiring land and planning for a new prison. The Budget also provides \$425 million to capitalize the California Infrastructure and Economic Development Bank, which, along with the \$50 million provided in the 1998 Budget Act, will be leveraged to finance about \$1.9 billion in local infrastructure and economic development projects.
- ★ **Assisting Local Government.** In addition to the capitalization of the State Infrastructure and Economic Development Bank to finance local infrastructure projects, the Budget provides significant assistance to local governments, which includes a \$150 million one-time subvention to local agencies for relief of their property tax revenue losses to the Educational Revenue Augmentation Fund, reimbursement to cities of up to \$50 million annually for their jail booking and processing fees paid to



counties, an \$18 million augmentation to the Public Library Foundation program for local public libraries, and continuation of the \$100 million appropriation for the Citizens' Options for Public Safety (COPS) program to support local frontline law enforcement, sheriffs' departments for jail construction and operations, and district attorneys for prosecution.

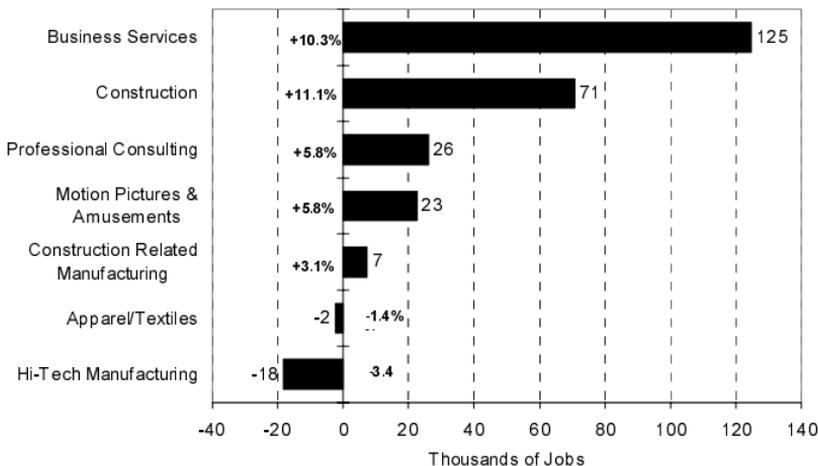
- ★ **Tax Relief.** The budget provides a one-time 10 percent reduction in the vehicle license fee for calendar year 2000, eliminates the first two years of the minimum franchise tax, increases the deduction for health insurance for self-employed taxpayers, increases the research and development tax credit, and permanently extends the capital gains exclusion on the sale of small business stock held for five years or more.



THE ECONOMY



THE ECONOMY

Employment Growth in Key California Industries
May 1998 to May 1999

- ★ California's robust economic expansion continues. The state's unemployment rate of 5.3 percent in May was the lowest since early 1990. Payroll employment is expanding at a better-than-3 percent pace, and the state is on track to create nearly 800,000 new jobs over the next two years.
- ★ Reflecting double-digit increases in building permit volume, construction employment is up 11 percent over the past year. Construction related manufacturing—lumber, fabricated metals, stone-clay-glass, and furniture—are also benefiting from the strong construction sector. Housing permits are averaging near a 140,000-unit annual pace, and nonresidential construction continues to post double-digit annual gains.
- ★ Business services, which includes the computer software industry, is up over 10 percent and professional consulting, which includes biotechnology, is advancing at an almost 6 percent annual pace. Although motion picture industry growth has slowed to a still-solid 3 percent rise, the amusements and recreation industry is up a robust 8.4 percent.



Key Economic Indicators (Annual Percent Change)

	Actual	Forecast	
	1998	1999	2000
US Gross Domestic Product	3.9	3.6	2.1
California Nonfarm Employment	3.6	3.3	2.5
California Personal Income	6.6	6.6	5.4
California Consumer Prices	2.0	2.8	2.7
California Housing Permits (in thousands of units)	125	160	174

- ★ However, there are some areas of weakness. In part reflecting economic conditions in Asia, electronics and aerospace manufacturing employment are down over the past year. Apparel employment is down slightly, in part reflecting competition from abroad resulting from the strong U.S. dollar.
- ★ Although exports continued to weaken overall—down 6.7 percent from a year ago in this year's first quarter—there was an encouraging turnaround in shipments to South Korea, up more than 40 percent over the comparable 1998 period. Japan—California's leading overseas market—posted a 7.9 percent jump in first quarter GDP, the first gain in two years. Semiconductor manufacturers report recent increases in sales to Asia, and the state's major ports are also reporting recent gains in export volumes. Thus, the state's export picture should brighten later this year and next.
- ★ Preliminary figures show strong personal income growth in the fourth quarter of 1998, and wage withholding receipts suggest that these gains are continuing in 1999. Boosted by 10 percent growth in wages and salaries, personal income is estimated to have increased 8 percent year to year in both the fourth quarter of 1998 and the first quarter of 1999.



REVENUE ESTIMATES



REVENUES

1999-00 Revenue Sources

(Dollars in millions)

	General Fund	Special Fund
Personal Income Tax	\$32,914	--
Sales Tax	19,960	\$2,185
Bank and Corporation Tax	5,751	--
Highway Users Taxes	--	3,015
Motor Vehicle Fees	28	4,831
Insurance Tax	1,246	--
Estate Taxes	907	--
Liquor Tax	269	--
Tobacco Tax	130	1,091
Horseracing Fees	--	39
Other	1,776	3,615
Total	\$62,981	\$14,776

General Fund revenues are estimated to be \$57.9 billion for 1998-99 and \$63.0 billion for 1999-00. These estimates were based on the 1999 May Revision forecast which increased by \$4.3 billion from the 1999-00 Governor's Budget and included \$28 million in tax relief proposals. In addition, the 1999-00 estimate was adjusted to reflect the following:

- ★ Tax relief measures, which were in addition to those proposed by the Governor in the May Revision, reduced revenues by \$26 million.
- ★ Other budgetary changes added an additional \$22 million.



TAX
RELIEF



TAX RELIEF

A package of tax relief measures was enacted as part of the 1999-00 Budget, which will provide \$303 million in tax relief in 1999-00. This package includes the following:

- ★ **Vehicle license fee reduction.** The Budget reflects a one-time 10 percent reduction in vehicle license fees for calendar year 2000, which will be in addition to the 25 percent reduction already in place. This is expected to increase General Fund expenditures by \$236 million in 1999-00 and \$210 million in 2000-01 to replace the loss of vehicle license fee revenue to local governments.

In addition, a one-time 25 percent reduction in vehicle license fees was enacted for commercial vehicles that are involved in interstate commerce. This reduction in fees will be offset against the fees due for 1999. General Fund expenditures will be increased by \$12.5 million in 1999-00 in order to replace the loss of vehicle license fee revenue to local government.

- ★ **Minimum franchise tax.** The Budget assumes that, beginning January 1, 2000, the minimum franchise tax for all new corporations that is paid at the time of initial incorporation will be eliminated as well as the payment of the minimum franchise tax for their second year of incorporation. This proposal will reduce General Fund revenues by \$28 million in 1999-00, increasing to approximately \$60 million annually thereafter.

- ★ **Health insurance deduction for self-employed taxpayers.** The Budget also assumes increases to the percentage of health insurance premiums that self-employed taxpayers can deduct for personal income purposes. California law will conform to federal law, which increases the



deduction to 100 percent over several years. The deduction would increase from the present 40 percent level to 60 percent for the 1999 through 2001 tax years, 70 percent for the 2002 tax year, and 100 percent for 2003 and thereafter. This will reduce revenues by \$21 million in 1999-00, increasing to \$83 million by 2003-04.

- ★ **Increase in the research and development credit.** The Budget reflects increasing the current personal income tax and bank and corporation tax credit for qualified research expenses from 11 percent to 12 percent. Revenues will be reduced by \$5 million in 1999-00 and \$7 million in 2000-01 due to this change.
- ★ **Capital gains exclusion for small business stock.** Additionally, legislation was enacted to make permanent the 50 percent exclusion for gains realized on the sale of small business stock that is held for 5 years or more. Upon full implementation, this tax relief provision is estimated to reduce General Fund revenues in the range of \$50 million annually. However, due to the requirement that the stock be held for at least five years, this reduction will not affect revenues until after the 2003 tax year.

Additionally, existing state law affords substantial tax relief to both corporate and individual taxpayers. Based on the Department of Finance 1999-00 Tax Expenditure Report, these provisions are estimated to reduce state revenues by over \$18 billion annually—including more than \$14 billion in personal income tax relief, \$3 billion in corporate tax relief, and \$1 billion in sales tax relief.

Key areas of tax reduction for individual taxpayers include deductions for home mortgage interest and charitable contributions, employer contributions to health plans, and capital gains on the sale of a principal residence. On the corporate



side, key areas of relief include a reduced rate of taxation for all corporations, special rate provisions for subchapter S corporations, carryover of net operating losses, and the manufacturing investment and research and development credits. These recently enacted corporate tax provisions along with the vehicle license fee reduction enacted in 1998 will provide approximately \$4 billion in tax relief in the 1999-00 fiscal year, in addition to the tax reductions enacted in the 1999 Budget Act.

The Budget assumes the continuation of all these special provisions for individual and corporate taxpayers.



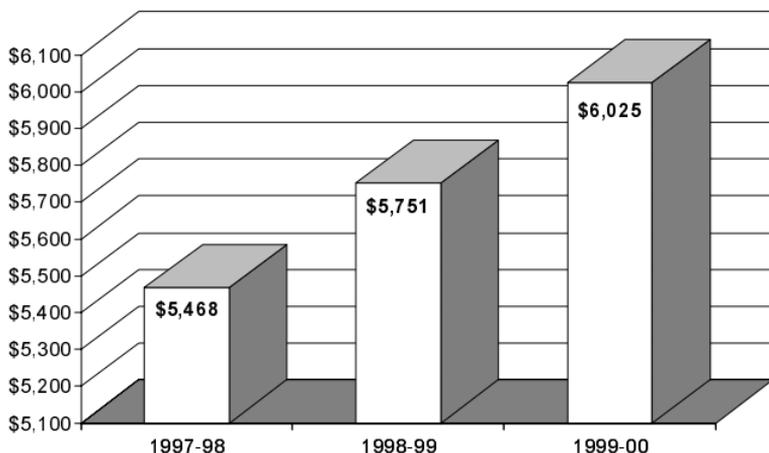
PROGRAM EXPENDITURES



K-12 EDUCATION

K-12 Education Spending Per Pupil

Proposition 98



Pupil count adjusted to exclude excused absences for all years

OVERVIEW

- ★ The Budget provides total General Fund expenditures of \$34.4 billion for all educational programs combined. This represents 54 percent of the total General Fund budget. Of that amount, \$26.4 billion is allocated for K-12 education, and \$8 billion is for all higher education segments.
- ★ Total K-12 funding from all sources is now \$44.3 billion, an increase of \$3.2 billion since 1998-99.
- ★ The Budget provides an additional \$108.6 million in funding in 1999-00 above the Proposition 98 minimum guarantee. For 1998-99, the final Budget provides \$286 million above the minimum. Because this funding permanently increases the Proposition 98 base, the budget year is nearly \$400 million higher than required.



- ★ Proposition 98 per-pupil spending has increased to \$6,025, which is \$557 more than the 1997-98 level. This translates into an 5.1 percent average annual increase over the two-year period.
- ★ The Budget allocates \$492.6 million to provide statutory growth increases for apportionments (\$434.5 million) and Special Education (\$58.1 million), and \$72.8 million in statutory growth for Adult Education (\$12.4 million), Regional Occupational Centers/Programs (\$6.6 million) and all other categorical programs (\$53.8 million).
- ★ The Budget includes a revision to the statutory cost-of-living adjustment (COLA) calculation for school district apportionments by calculating the COLA using the most recent available economic data. This results in a 1.41 percent COLA, at a total cost of \$445.7 million, which includes \$354.2 million for apportionments and Special Education, \$11.7 million for Adult Education and Regional Occupational Centers/Programs, and \$79.8 million for all other categorical programs.
- ★ The Budget provides \$455 million in deficit reduction funding for school districts and county offices of education to increase discretionary funding and help restore lost purchasing power to the schools.



Major K-12 Education Initiatives

(Dollars in Millions)

Instructional Quality

Instructional Materials: 3 core textbooks/Staff Development	\$134.0
Intensive Reading Instruction for K-4 students	75.0
English Language Learners	60.0
Increased funding for 9th grade class size reduction	28.9
Classroom Library Purchases for K-4	25.0
Public campaign/Gov Reading Awards	6.0
Secondary Schools Reading Instruction	5.0
Preschool Reading/Development Standards	1.0

Teacher Quality/Recruitment

Teacher Performance Incentives	50.0
Beginning Teacher Incentive Funding	50.0
Teacher Peer Review & Assistance	41.8
Reading Professional Development Institutes	12.0
Teacher Training and Support	11.0
Paraprofessional Teacher Preparation	10.0
Credentialing Fee Buy-out	1.5
Governor's Teacher Scholars/Principal Leadership Academy	1.0

Accountability/Performance

Low Performing Schools/Accountability	96.1
Governor's Performance Awards for Schools	96.1
Charter School Funding Model	20.0
Fiscal Accountability/School Business Office Staff Development	3.9
High School Exit Exam	2.0

School Safety

School Safety Block Grants	100.0
After School Program	35.0
Deferred Maintenance	143.7

Child Care and Preschool

Expand Pre-School to 100,000 in 2 years	23.0
Child Care Expansion for Working Families	13.9

California Community Colleges

Teacher/Reading Development Partnerships	10.0
High School Middle Colleges	1.8

Total \$1,057.7



MAJOR INITIATIVES

INSTRUCTIONAL QUALITY

- ★ The Budget provides \$134 million in one-time funding for school districts to purchase textbooks that are aligned to state content standards. When combined with all other instructional materials funding, schools have sufficient funds to purchase three new standards-aligned text books for every student. This funding may also be used for staff development if the school district finds that the appropriate standards-aligned textbooks are not available.
- ★ Chapter 2, Statutes of 1999, enacted during the Extraordinary Session earlier this year, established the Elementary School Intensive Reading Program. Beginning this summer, this program will provide the equivalent of six weeks of instruction, four hours per day, to ten percent of the pupils in grades K-4. Reading instruction may be offered during the summer school or intersession breaks, after school, and on Saturdays. The Budget provides \$75 million for this program.
- ★ The Budget includes \$29 million to provide a 22 percent increase in the per-student funding for Grade 9 Class Size Reduction from \$135 to \$165 per student per class. This increase will provide an even greater incentive for high schools to reduce class sizes in English and mathematics. Such action will help ensure increased performance levels of high school students on both the STAR test and on the newly required high school exit exam.
- ★ The Budget includes \$25 million for school districts to purchase reading materials to create or expand classroom libraries for kindergarten and grades 1 through 4. This funding will provide each classroom of 20 pupils over \$200 worth of fiction and nonfiction reading materials for their classroom library.



- ★ The Governor has created the Business Organizations and Opportunities for Kids (BOOK) fund to allow private organizations to donate funding for classroom libraries. Tax-exempt donations to this fund will be used to augment those provided for the grades K-4 Classroom Libraries Act.
- ★ The Budget provides \$5 million in federal Goals 2000 funding for local education agency grants to provide professional development to school districts and disseminate successful strategies, programs, and models for improving reading instruction for pupils enrolled in grades 7 to 12 who are reading below grade level.
- ★ The Budget includes \$60 million for the purposes of addressing the needs of English learners and the teachers that instruct English learners. Of this amount, \$55 million is for the English Language Acquisition Program for students in grades four through eight. This program is intended to help English language learners improve their English skills so that they are better prepared to meet the State's English language development, academic content, and performance standards. The balance of \$5 million will allow the University of California to establish English Language Development Professional Institutes for teachers and school personnel that instruct English learners.

Teacher Quality/Recruitment

- ★ The Budget contains \$50 million to provide performance incentives to teachers at low-performing schools that demonstrate significant academic improvement, as well as \$50 million in incentive funds to encourage schools to establish \$32,000 as the minimum teacher salary for fully qualified teachers.



- ★ The Beginning Teacher Support and Assessment program is increased by \$23 million, for a total of \$72 million, to provide support to 24,000 first and second-year teachers.
- ★ The Budget also provides \$10 million to offset the cost of training instructional aides to become teachers, and \$11 million to provide school-site based teacher training. These programs will help to more quickly provide highly qualified teachers to our classrooms.
- ★ Additionally, legislation was enacted to allocate \$125 million for a program of peer review and assistance for experienced teachers, including \$83 million merged from the Mentor Teacher Program.
- ★ The credentialing fee for all newly certificated teachers will be waived, funded at a total cost of \$1.5 million.
- ★ Also included is \$1 million for the University of California to develop both the Teacher Scholars and the Principal Leadership Academies. These two programs will provide high quality, interdisciplinary training and development to our teachers and principals of the future.

Accountability/Performance

- ★ The Budget includes over \$192 million to fund the newly enacted legislation to hold schools accountable for their performance and to reward high achieving and improving schools. The Budget also contains \$2 million to develop a high school exit examination, passage of which will be required as a condition of graduation beginning in June 2004.
- ★ Statutory changes have been enacted to codify a funding model through which revenue limit, categorical, special



education, and local revenue funding will be calculated for and allocated to charter schools. The Budget provides \$20 million for the estimated additional net costs of this model related to categorical funding, and includes charter school revenue limit funding in the school district and county office of education revenue limit continuous appropriation.

- ★ In addition, statutory changes have been enacted to improve charter school accountability, including requirements that charter schools: offer the same number of instructional minutes as regular public schools; maintain auditable attendance records; certify participation of their pupils in the state testing program as a condition of apportionment; and comply with existing laws for regular public schools related to the operation of independent study programs.
- ★ The Budget provides \$3 million for the Department of Finance to contract with the State Controller's Office to perform additional audits of school attendance records. Additionally, the education trailer bill includes language to establish an audit appeal process and provides a mechanism for inappropriately claimed funds to be repaid to the State.
- ★ The Budget provides an additional \$200,000 to the Fiscal Crisis and Management Assistance Team (FCMAT) for management training and business professional development for school district personnel and school site leadership teams and administrators in a variety of subject areas. Additional funding is also allocated for comprehensive reviews of school districts in fiscal difficulty.



- ★ The Budget includes an additional \$5.5 million to continue implementation of the California School Information Services (CSIS) program.

School Safety

- ★ The Budget includes \$100 million to provide funding to school sites and school districts serving any of grades 8 through 12, inclusive, for a variety of school safety measures, at school district discretion. Of the \$100 million, approximately \$71.1 million is from ongoing funds, and \$28.9 million is one time. These funds would be used to provide school safety block grants to schools serving any of grades 8 through 12, inclusive, for school safety purposes, including, but not limited to, conflict resolution personnel, school safety infrastructure, and establishing cooperative arrangements with law enforcement agencies.
- ★ The Budget contains an increase of \$35 million for the After-School Learning and Safe Neighborhoods Program, with \$25 million prioritized for middle schools. This \$85 million program is focused on school sites with high concentrations of low-income students and provides literacy and homework assistance as well as a convenient, no-cost child care option for working parents of potential latchkey children. The augmentation will allow participation by almost 39,000 additional children, for a total of about 94,000.
- ★ To ensure funding is available for deferred maintenance projects at California's public schools, and to encourage school districts to devote more local resources to deferred maintenance needs, the Budget includes \$143.7 million for deferred maintenance. This amount ensures the State's ability to fully fund the one-half of one percent state match pursuant to statute.



Child Care

- ★ The Budget provides a \$174.8 million increase, for a total of almost \$450 million, to provide child care for CalWORKs families in Stage 2 (including a \$50 million set-aside) and Stage 3 (\$17.5 million) for those who have exhausted their two-year transitional entitlement to Department of Education programs. Primarily from federal funds, the increase is sufficient to fund over 38,000 full-time slots. An additional reserve of up to \$270.7 million is separately budgeted and available to both the Department of Education and the Department of Social Services to ensure availability of child care as county programs mature.
- ★ Up to \$100 million of the CalWORKs funding is available for a pilot program to develop new high quality, licensed child care centers in neighborhoods with high concentrations of CalWORKs families that are underserved by center-based care.
- ★ The Budget contains a \$79.8 million General Fund increase for child care for other working, low-income families including a \$17.5 million increase in voucher-based care, which matches the amount of access to permanent slots provided for prior CalWORKs recipient families; a \$23 million increase for new half-year State Preschool funding as the first increment of an expansion designed to reach 100,000 enrollments by 2000-01; and a \$25.7 million increase to annualize the partial year expansions for State Preschool and General Child Care for infants and toddlers begun in 1998-99. In total, these increases will support over 20,000 new child care slots.
- ★ The Budget includes over \$8 million in new federal funds for quality assurance activities, including a \$2.9 million increase for local planning councils to strengthen the



ability of counties to determine priorities and placement of child care, a \$2.7 million increase for inspections of licensed child care facilities through the Department of Social Services, a \$1.5 million increase to build capacity through outreach and assistance to potential qualified licensed child care providers in underserved communities, and \$1 million to distribute and provide training on pre-kindergarten learning and development guidelines.

- ★ The Budget provides \$44.9 million for the purchase and installation of new child care facilities through transfer to the Child Care Facilities Revolving Fund, sufficient for another 375 classrooms to help meet the demand from providers of state-subsidized child care.

Additional Program Enhancements

- ★ The Budget doubles the funding for the Local Arts Education Partnership Grant Program. This \$6 million may be used by local education agencies to develop or expand arts programs through a grant program administered by the State Department of Education.
- ★ The Budget includes an additional \$1.14 million to fund 20 new partnership academies. Funds for the new partnership academies will be targeted toward inner city high schools in order to serve a greater number of at-risk pupils.
- ★ The Budget allocates \$1 million to allow the California Technology Assistance Project (CTAP) to assist high schools with the development of the digital high school plan and application required to receive funding for the implementation of the digital high school program.



- ★ The Budget provides \$8.2 million for the purpose of providing funds to compensate for the reduction of the transfer of unallocated Educational Revenue Augmentation Funds (ERAF) in Marin County for special education. The education trailer bill includes language that would partially suspend this transfer for the 1999-2000 fiscal year only, requiring that those funds be allocated back to the providing local governmental entities.
- ★ The Budget provides a \$10 million augmentation for the Community Day Schools program, which is an alternative placement program for expelled pupils and pupils whose behavior is deemed disruptive to the comprehensive school learning environment.

California State Library

- ★ The Budget provides an \$18.0 million augmentation for the Public Library Foundation Program which allocates funds to local public libraries for basic library services. This represents a 46 percent increase over the 1998-99 level of \$38.9 million.



HIGHER EDUCATION

Although new partnership agreements are still being negotiated with the University of California (UC) and the California State University (CSU), the Budget provides base funding growth of 4 percent and additional funds for deferred maintenance, information technology infrastructure, and other core funding needs, with future funding contingent on completion of the partnerships. This results in an increase of \$119 million for UC and \$96 million for CSU for core funding needs. Overall, the Budget provides UC with \$184.4 million in new funding and CSU with \$125.6 million.

Higher Education Funding

Total Funds

(Dollars in Millions)

	1998-99	1999-00	One-Year	Change
			Amount	Percent
University of California ^{1/}	\$3,474.4	\$3,657.5	\$183.1	5.3%
California State University ^{1/}	2,756.6	2,877.4	120.8	4.4%
Community Colleges	4,898.0	5,222.3	324.3	6.6%
Student Aid Commission	352.1	388.4	36.3	10.3%
Other Higher Education ^{2/}	184.1	209.5	25.4	13.8%
Total Funds	\$11,665.2	\$12,355.1	\$689.9	5.9%

^{1/} For purposes of this table, expenditures for the University of California and California State University have been adjusted to include the off setting general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.

^{2/} Other Higher Education includes the California Postsecondary Education Commission, Hastings College of the Law, and General Obligation Bond Interest and Redemptions for UC, CSU and Hastings.

- ★ Total higher education funding increases by an average of 5.9 percent; General Fund increases average 7.9 percent.
- ★ The Budget includes \$43 million to reduce mandatory systemwide fees for resident undergraduate students by five percent, bringing fees to the lowest level since



1992-93. It also provides \$7.7 million to reduce resident graduate fees by five percent below the fee level in 1997-98.

- ★ The Budget provides \$43.3 million to fully fund enrollment at UC, bringing total enrollment to 164,566. CSU receives \$46 million, providing full funding for a total enrollment of 279,403.
- ★ The Budget provides \$12 million for UC to fund four new programs which are part of the Governor's READ in Schools Initiative to improve the quality of K-12 teachers and administrators-Reading Professional Development Institutes, Governor's Teacher Scholars, Governor's Principal Leadership Institute, and English Language Development Professional Institutes.
- ★ The Budget includes a \$21.5 million expansion of the Cal Grant Program—\$19.1 million to add more than 7,700 Cal Grant A, B and C awards for financially needy students, and \$2.4 million to increase the maximum award for students attending independent institutions. In addition, 1,000 new awards are authorized for the Assumption Program of Loans for Education, which forgives student loans for individuals providing teaching services in recognized shortage areas. The Budget includes \$3.4 million to CSU for financial aid grants under the Educational Opportunity Program, bringing total funding to \$17.4 million.
- ★ The Budget provides an additional \$11 million to CSU for academic outreach programs, bringing total outreach funding to \$15 million. The Budget also provides \$1.5 million to UC for professional and graduate school outreach, bring total outreach funds at UC to \$40 million.



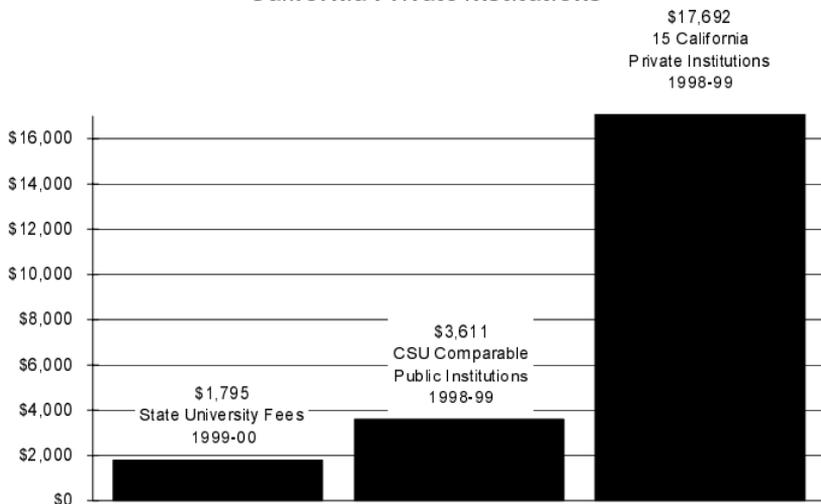
- ★ The Budget includes \$44 million for CSU to fully fund a four percent average employee compensation increase for all employees and an additional two percent for faculty.
- ★ The Budget includes \$4 million for UC to develop and implement advanced placement on-line courses for middle and high school students.
- ★ The Budget includes \$2 million for UC to increase funds for the Cooperative Extension, which conducts applied research for the agriculture industry, and \$5 million for the Industry University Cooperative Research Program, which is a collaborative research program with business to develop new products and technologies. Additionally, the Budget includes a \$5 million increase to CSU's California Agriculture Technology Institute, which conducts applied agricultural research, bringing total state funding to \$6 million for this program. These types of public-private partnerships enable the universities to enhance the State's continued economic growth.
- ★ The Budget includes an additional \$3 million for AIDS-related research at UC, bringing the total AIDS research funding to approximately \$12 million.
- ★ The Budget includes additional funding for the following UC research programs: \$5.5 million to increase the Substance Abuse Research Program, which aims to develop new medications to treat drug addiction and alcoholism, bringing total funding to \$22.3 million; \$5 million for the Brain Injury Research Center to expand research efforts to evaluate issues related to recovery from traumatic brain injury; \$2 million for the Medical Investigation of Neurodevelopmental Disorders Institute to research a full range of neurodevelopmental disorders; and \$200,000 for Gun Violence Prevention research.



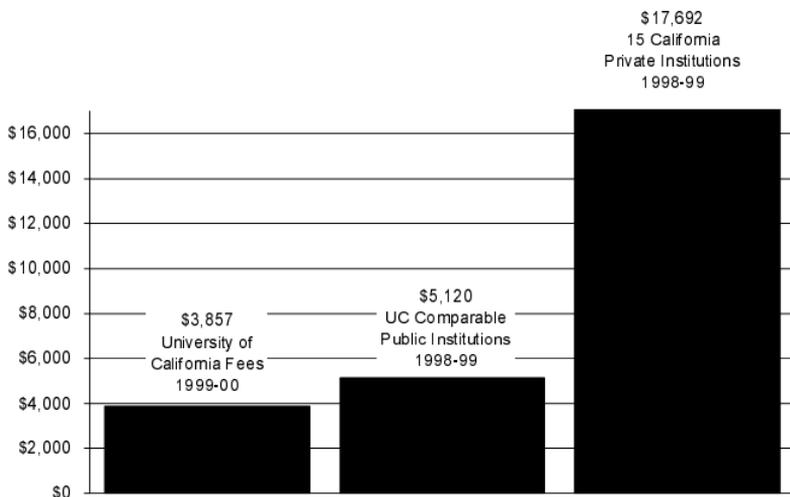
- ★ The Budget includes \$1 million to expand applied biotechnology research at CSU.
- ★ The Budget includes \$350,000 for CSU to expand the International Training Center's academic programs at the San Diego Campus.
- ★ The Budget includes \$250,000 for CSU to purchase books and materials in Spanish for the Center for the Study of Books in Spanish for Children and Adolescents at the San Marcos campus.
- ★ The Budget includes \$2.4 million to CSU on a onetime basis to provide Federal Emergency Management Agency matching funds to reconstruct Verducci Hall at the San Francisco campus; this dormitory was destroyed in the 1989 Loma Prieta earthquake.
- ★ Fees at CSU are \$1,816 less than fees at comparable schools in 1998-99; UC fees are \$1,263 less, and Community College fees are the lowest in the nation.
- ★ Total financial aid, including grants, loans and work study, from all state, federal fee, and private sources for California students is more than \$5.1 billion.



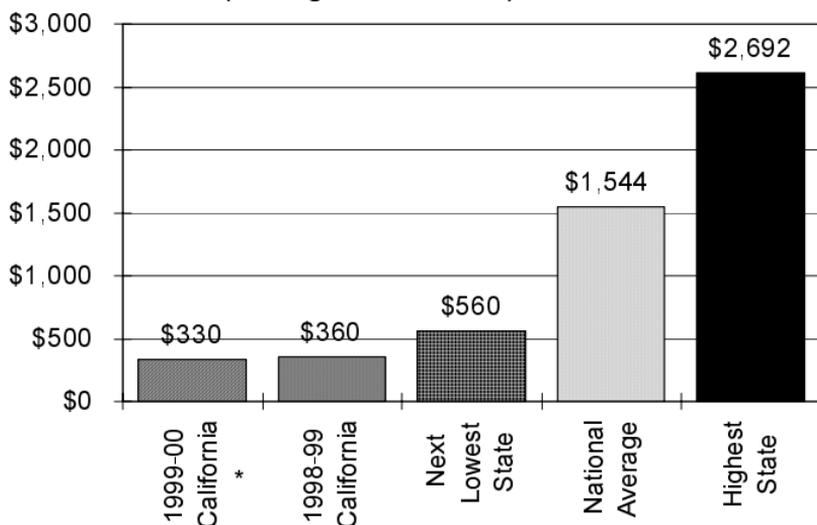
**California State University
Fee Levels Remain Low When Compared to
Tuition Levels at Comparable Public Universities and
California Private Institutions**



**University of California
Fee Levels Remain Low When Compared to
Tuition Levels at Comparable Universities
and California Private Institutions**



CALIFORNIA COMMUNITY COLLEGES
Resident Tuition and Required Fees
Community Colleges
(Average Annual Fees) 1998-99



* Reflects a \$1 per unit tuition reduction for fiscal year 1999/00.

Source: Washington State Higher Education Coordinating Board

- ★ For California Community Colleges, the Budget provides an ongoing increase of \$324.3 million, or 6.6 percent, including a full 1.41 percent COLA and 3.5 percent growth for apportionments and all major categorical programs. Growth funding exceeds the statutory adult population change by 68 percent or about \$47 million, enabling access to an additional 33,000 full-time equivalent students and thereby bringing the estimated instructional workload to over 982,000 FTES—the highest level ever.
- ★ The Budget includes an additional \$45 million for the second year of the Partnership for Excellence program bringing the total annual investment to \$145 million. The Partnership provides increases in discretionary funding in exchange for systemwide and local accountability for improved student outcomes. This increase will assist



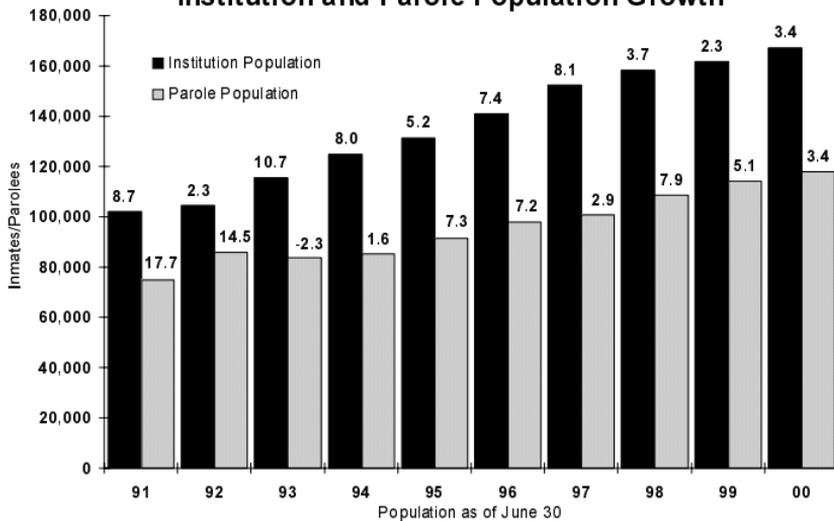
districts in attaining and exceeding all of the initial goals, including annual increases in transfers of students to CSU and UC of 5 and 6 percent, respectively, with added emphasis on increasing transfers by 15 percent annually from community colleges with historically low transfer rates.

- ★ The Budget reflects implementation of a \$1 per unit or 8.4 percent reduction in student fees. The \$11 per unit fee is the lowest among all states and less than 25 percent of the national average.
- ★ The Budget includes \$10 million to initiate the Reading and Teacher Development Partnership initiative with elementary and secondary school districts and the California State University system. This new program is intended to encourage more promising undergraduate college students to seek teaching careers while advancing K-12 reading improvements through internships in elementary schools.
- ★ The Budget includes \$13 million to expand successful programs to improve educational outcomes including: acceleration of course major articulation agreements with UC and CSU (\$2.4 million); improving success for at risk K-12 students by tripling the number of Middle College High Schools (\$1.8 million); increasing accommodations for disabled students (\$5.2 million); encouraging math, science and engineering career success for disadvantaged populations through a fivefold (\$2 million) increase in funding for MESA; and providing a 21 percent increase in funding for apprenticeship instruction (\$1.5 million).
- ★ The Budget also provides a \$10 million onetime funding increase for block grants to all districts to assist with technology, maintenance, instructional equipment, and library related improvements at local discretion.



DEPARTMENT OF CORRECTIONS

Department of Corrections Institution and Parole Population Growth



Figures above the bars represent the percentage change from previous years

★ **Prison Population.** The budgeted prison inmate population is projected to increase from 161,840 on June 30, 1999 to 167,294 on June 30, 2000, an increase of 5,454 inmates or 3.4 percent. Incarceration services will be provided through 33 institutions, 38 camps, 16 community correctional facilities, and 33 community correctional reentry centers.

★ **Parole Population.** As of June 30, 1999, the budgeted parole population is estimated to be 114,255. This population is projected to increase to 118,091 by June 30, 2000, an increase of 3,836 or 3.4 percent.

★ **Undocumented Felons.** The Budget anticipates federal reimbursements of \$272.7 million to partially offset the costs of incarcerating adult and juvenile undocumented felons in 1999-00. The total cost to California for



incarceration of these individuals is estimated to be approximately \$578 million.

- ★ **Local Assistance.** The Budget contains an augmentation of \$16.8 million to increase the annual funds available for local assistance. Of this amount, \$11.1 million is related to the cost for counties to detain parole violators in local jails, pending parole revocation hearings, and \$5.7 million reimburses local governments for costs associated with the transport of inmates, the return of fugitives, and court and county charges.
- ★ **Corrections Reforms.** The Budget includes \$38.7 million for various programs that provide treatment and services for state prison inmates and parolees to assist in their transition back into the community. Using the flexibility provided to the Administration in budget related legislation (AB 1535) regarding which services it chooses to provide to parolees, these funds will be utilized to implement or expand those programs that protect public safety while providing the best results in terms of reducing recidivism among the state parolee population.
- ★ **Additional Parole Officers.** Budget related legislation (AB 1535) provides \$15.5 million for the Department of Corrections to hire about 230 additional parole officers. The additional parole officers will reduce the parolee caseloads of existing parole staff and further protect public safety through greater parolee supervision.
- ★ **Correctional Officer Training.** The Budget contains \$10.9 million to increase training for correctional officer cadets from 6 weeks to 10 weeks, provide additional training for correctional officers assigned to armed posts, and fund ongoing training for institutional custody staff.



- ★ **Implementation of a Water Restraint System.** The Budget includes \$3.3 million to purchase Water Restraint Systems to be installed in all Security Housing Units and Administrative Segregation Units. These systems will provide correctional officers with an additional nonlethal option when dealing with inmate incidents.

- ★ **Inmate Mental Health Programs.** The Budget contains \$5.0 million to expand mental health services for inmates. Specifically, this funding will expand the enhanced outpatient program and the correctional clinical case management program for mentally ill inmates in the general population. This funding will also provide for a psychiatric services unit for those mentally ill inmates requiring placement in administrative segregation or the security housing unit.

- ★ **Screening and Programming for Developmentally Disabled Inmates.** The Budget contains \$7.3 million to increase services for developmentally disabled inmates which include screening, security, clinical support, education, and law library assistance that is consistent with the interim agreement and stipulation in the Clark, et al., v. State of California lawsuit.

- ★ **Contract Medical and Medical and Psychiatric Supplies.** The Budget includes \$43.9 million to provide mandated medical services to inmates which include surgeries, hospitalization, specialty outpatient services, laboratory services, and registry services. This augmentation would also provide funding for pharmaceuticals, including those used to treat inmates infected with HIV and inmates suffering from mental illness.



DEPARTMENT OF THE YOUTH AUTHORITY

- ★ **Institution and Parole Population.** The Youth Authority institution population is estimated to be 7,355 on June 30, 2000, which is a decline from an estimated population of 7,630 on June 30, 1999. The parole caseload is projected to be 5,125 by June 30, 2000, which is a decrease from an estimated caseload of 5,205 on June 30, 1999.

- ★ **Expansion of Internal Affairs.** The Budget Act provides \$792,000 General Fund and 8 personnel years for the Internal Affairs Unit to enhance and assure the necessary level of internal operations oversight within the department.

- ★ **Public Safety and Security Improvements.** The budget includes \$1.3 million to enhance public safety and security projects in 1999-2000 which include:
 - ☆ additional entrance supervision staffing at the El Paso de Robles Youth Correctional Facility;
 - ☆ upgrading metal detectors at all of the institutions and camps; and
 - ☆ upgrading the security radio system at the Preston Youth Correctional Facility.

- ★ **Heman G. Stark Intensive Treatment Program.** An increase of \$1,053,000 is included to establish a 46-bed Intensive Treatment Program at the Heman G. Stark Youth Correctional Facility in San Bernardino County. The program will provide psychological and psychiatric treatment services to the most seriously mentally disordered wards.



OFFICE OF THE INSPECTOR GENERAL

- ★ The Budget includes \$7.2 million for the Office of the Inspector General to perform statutorily required audits and investigations of departments within the Youth and Adult Correctional Agency. Chapters 969 and 338, Statutes of 1998, which established the Office of the Inspector General as an independent entity reporting directly to the Governor, greatly expanded the investigative and audit responsibilities of the Office to assure integrity in the operation of state correctional programs.

BOARD OF PRISON TERMS

- ★ In order to provide due process prior to requiring mental health treatment as a condition of parole, the Board of Prison Terms is required to conduct evaluations and provide hearings for prisoners who meet specified criteria. An increase of \$2.6 million is included to conduct these hearings and evaluations.

BOARD OF CORRECTIONS

- ★ **Federal Crime Bill.** The Board of Corrections allocates \$75 million in federal Violent Offender Incarceration and Truth-in-Sentencing grant awards. Of these funds, \$5 million is dedicated to build or expand local adult and juvenile detention facilities. An additional \$70 million is provided to the Board to support the construction, expansion, or renovation of juvenile detention facilities.
- ★ **Mentally Ill Offender Crime Reduction.** The Budget includes \$27 million for Mentally Ill Offender Crime Reduction grants that will be awarded to local governments to expand or establish a continuum of swift, certain, and graduated responses to reduce crime and criminal justice costs related to mentally ill offenders.



DEPARTMENT OF JUSTICE

- ★ The Budget includes \$4 million General Fund to address a variety of workload within the Public Rights Division including:
 - ☆ \$773,000 to provide enhanced civil rights enforcement.
 - ☆ \$734,000 to allow the Consumer Law Section to take a proactive role in the enforcement of consumer laws.
 - ☆ \$778,000 and a corresponding decrease in reimbursements to respond to the Natural Resources Law Section's changing workload for the state agencies, boards, and commissions represented by the section.
 - ☆ \$1,009,000 to enhance the department's ability to address workload in the Charitable Trusts Section, which is responsible for oversight and enforcement of over 80,000 California charities.
 - ☆ \$677,000 to ensure that the department has the resources necessary to address an increasing workload in the Antitrust Section, which is responsible for ensuring an open and competitive marketplace for the benefit of California's consumers and businesses.

- ★ The Budget contains \$4.9 million General Fund for DNA workload to eliminate the violent offender backlog; address increased workload as a result of Chapter 696, Statutes of 1998; and to upgrade equipment at the DNA Forensic Laboratory to perform DNA profiling using the latest technology.

- ★ An additional \$1.5 million (\$376,000 General Fund) is included for the investigation and prosecution of elder abuse cases in Medi-Cal funded nursing homes in the State.



- ★ An increase of \$1.2 million General Fund is added to implement an SKS rifle buy-back program pursuant to Chapter 909, Statutes of 1998.
- ★ An additional \$3.5 million Fingerprint Fee Account is included to implement an automated palm print system which will enable the department to conduct automated searches of the palm print database as an additional investigative tool, and to enhance the State's criminal history system.

OFFICE OF CRIMINAL JUSTICE PLANNING

- ★ The Budget provides \$30 million for grants to local law enforcement agencies to address onetime equipment needs.
- ★ An increase of \$3.5 million is included to continue and expand the Rural Crime Prevention Program. This funding will provide resources to rural crime task forces in eight San Joaquin Valley counties that will develop reporting systems for rural crimes facilitating swift recovery of stolen goods and the apprehension of criminal suspects.
- ★ The Budget includes \$2.3 million to establish an Elder Abuse Vertical Prosecution program. These funds will provide additional resources to enable local prosecutors to identify, investigate and prosecute crimes involving physical and mental abuse, as well as larceny, embezzlement and extortion against the elderly.
- ★ The Budget was increased by \$2.0 million to expand the High Technology Theft Apprehension and Prosecution Program which is intended to assist law enforcement agencies in obtaining the personnel and equipment necessary to investigation and prosecute high technology



crimes. These funds will be allocated on a competitive basis to regional task forces and \$500,000 has been designated for support of a high technology crime database within the Department of Justice.

- ★ An additional \$1.2 million in federal funds is provided to support domestic violence response teams and victim advocacy programs.
- ★ An augmentation of \$1 million is provided to expand the Drug Abuse Resistance Education (D.A.R.E.) program in California. This program teaches school-age children about the dangers of drugs, as well as how to recognize and resist pressures to experiment with alcohol and drugs.
- ★ The Budget provides \$100,000 to establish a multidisciplinary School Safety Task Force to focus on ways to improve school safety in the aftermath of the Littleton, Colorado school shooting incident.

CITIZENS OPTION FOR PUBLIC SAFETY PROGRAM (COPS)

The Budget appropriates \$100 million to the Citizen's Option for Public Safety Program (COPS). The COPS program is utilized for the purposes of augmenting front line law enforcement. This \$100 million appropriation for the COPS program is allocated to local agencies, based on the following allocation formula:

- ★ \$75 million for front line law enforcement
- ★ \$12.5 million to sheriffs for jail operations and construction
- ★ \$12.5 million to district attorneys for prosecuting criminals



JUDICIARY

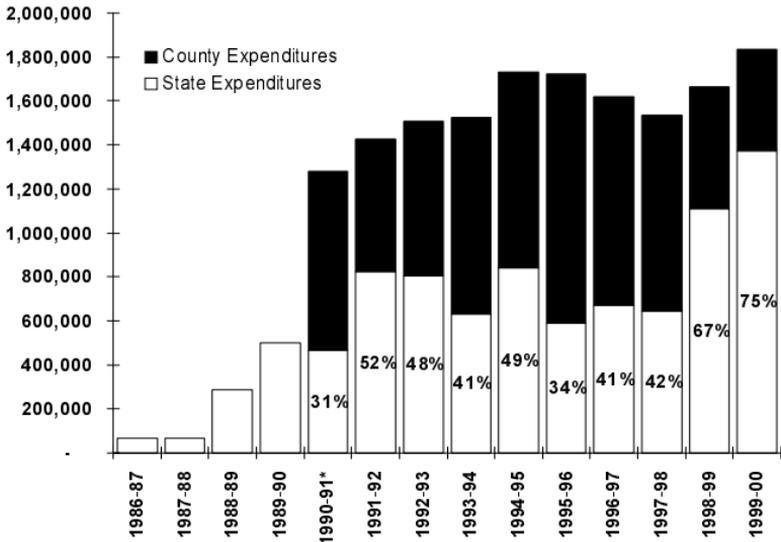
(Dollars in Millions)

	<u>Total</u>	<u>General Fund</u>
State Judiciary	\$301	\$251
Commission on Judicial Performance	\$4	\$4
Trial Courts	\$1,834	\$886
Retirement Costs	\$101	\$87

- ★ **Judicial Positions.** The Budget includes \$3 million to provide quarter-year funding for 12 new justices for the Courts of Appeal and \$2.6 million for quarter-year funding of 20 new trial court judgeships, including staff, equipment, and salary and benefit costs to address increases in court workload.
- ★ **Equal Access Fund.** The Budget provides \$10 million on a onetime basis to establish the Equal Access Fund which is to provide for legal services for indigents in civil matters.



History of Trial Court Funding



*Prior to 1990-91, no Budget Act information regarding the level of county expenditure for the trial courts existed.

★ **Trial Court Funding.** The Budget includes \$125.4 million for workload increases and high priority programmatic improvements, such as funding for Year 2000 compliance of court computer systems, negotiated salary increases for trial court employees, increased court perimeter security, judicial officer and staff training, and an increase in compensation for trial court interpreters in criminal cases.

★ As shown in the chart above, trial court funding for 1999-00 is \$1.8 billion, in total, with 75 percent of that comprised of direct state funding plus fines, penalties and fees remitted to the Trial Court Trust Fund and 25 percent from county funds.



RESOURCES

State Parks Deferred Maintenance, Cultural Heritage and Natural Heritage Projects

- ★ The Budget includes \$157 million to begin a major restoration of California's State Parks and begin a new investment in preserving California's natural and cultural heritage. Included in this amount is \$137 million for State Park deferred maintenance, \$10 million for cultural heritage projects, and \$10 million for natural heritage projects.
- ★ The Budget also includes \$47.5 million for grants to local agencies for local parks, playgrounds, museums, and recreational programs.

Land Conservation

- ★ The Budget includes \$158 million for land acquisitions to preserve open spaces, improve and protect natural habitats, and enhance public access to California's natural resources.

North Coast Forest Practices Act Enforcement

- ★ The Budget provides \$7.6 million to increase State oversight and enforcement of timber harvesting operations in the North Coast, which includes Del Norte, Humboldt, Mendocino, Siskiyou, Sonoma, and Trinity counties.

Trees for the Millennium Initiative

- ★ A total of \$2.1 million is provided for matching grants to local governments and nonprofit agencies to begin the process of planting 2 million trees over the next four years and to improve urban tree management.



Integrated Storage Investigations

- ★ The Budget includes \$10 million to study the feasibility of integrated water storage projects north of the Sacramento-San Joaquin Delta and begin the CalFed integrated storage investigation. Of this amount, \$4.2 million will be used towards completion of the investigations of the Sites Reservoir, and \$5.8 million will be used to continue development of an overall water storage strategy including new groundwater storage, new surface storage, the reoperation of existing water storage facilities, and an evaluation of current barriers to fish migration.

Delta Levee Protection

- ★ The Budget includes \$6 million to provide assistance to local agencies such as reclamation districts to maintain and rehabilitate levees that are not a part of the State Water Project in order to preserve the integrity of the delta levee system.

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

Water Quality

- ★ The Budget includes \$5.8 million to remediate MTBE contamination and assess the use of ethanol as a gasoline additive. The Water Resources Control Board also will develop a new program to regulate marina fueling facilities, and identify groundwater recharge area aquifers which are most vulnerable to MTBE contamination
- ★ The Budget also includes \$12 million to develop numeric pollutant limits called Total Maximum Daily Loads (TMDLs) for the State's surface water, thus setting new standards for water quality.



- ★ The Budget also provides \$841,000 General Fund for the Office of Environmental Health Hazard Assessment to evaluate the health and environmental risks associated with various mixtures and components of gasoline.
- ★ The Budget includes \$3 million to address backlogs in updating waste discharge requirements and renewing federal National Pollutant Discharge Elimination System permits, and \$3.5 million to significantly increase inspections of storm water discharges.

Air Quality

- ★ The Budget includes \$23 million to continue and expand the Air Quality Standards Attainment Program in which incentive grants are awarded to provide financial assistance for the replacement of high-polluting heavy diesel engines with lower polluting alternatives. The program will be expanded to also begin addressing infrastructure needs such as electric vehicle “refueling” stations, and research and development.



INVESTMENT IN INFRASTRUCTURE

The Budget and subsequent legislation includes \$1.4 billion for infrastructure improvements and investments statewide. (These numbers do not include transportation, parks deferred maintenance and the Trade and Commerce Agency's Infrastructure Bank) The General Fund contributes nearly \$161 million of the total and the balance is from various bond and special funds.

Most notably:

- ★ \$648 million is provided through the 1998 Higher Education Capital Outlay Bond Fund to complete numerous construction projects for the University of California, the California State University and the California Community Colleges.
- ★ California State Prison, Kern County-Delano II, a maximum security prison, will be constructed to house the state's most serious and violent felons. \$24 million General Fund is provided to acquire a site and design the facility. Future construction will be funded with \$311 million Lease Revenue Bonds.
- ★ \$40 million in Lease Revenue Bonds will be provided to construct four Department of Justice crime labs.
- ★ \$16 million in Lease Revenue Bonds is provided to the Department of Mental Health to begin design work for the State's first facility to house and treat sexually violent predators.
- ★ \$21 million in General Fund and Lease Revenue Bonds is provided for the continued replacement and relocation of Department of Forestry and Fire Protection facilities across the state.



DEPARTMENT OF TRANSPORTATION (CALTRANS)

Caltrans' budget is over \$8.5 billion and 21,498 personnel years, a 32 percent increase in transportation expenditures over the 1998-99 budget. Capital outlay expenditures are increased by \$1.3 billion or 49 percent over 1998-99, while expenditures for grants to local transportation agencies for local street and highway projects are increased by \$599 million or nearly 44 percent. Resources come primarily from federal funds and the State Highway Account.

- ★ **Capital Project Delivery.** The 1999-00 Budget includes an increase of \$72.8 million and 850 personnel years to deliver additional capital improvement projects proposed for inclusion in the revised 1998 State Transportation Improvement Program. The Budget also funds 129 personnel years at \$11.5 million to accelerate the delivery of local agency transportation projects.
- ★ **Transportation Planning.** The Budget provides \$28.5 million for the State Planning and Research Program to support long-range transportation studies, develop dynamic transportation modeling tools, and develop strategies for accommodating growth.
- ★ **Mass Transportation.** The Budget includes \$62.8 million for intercity rail capital improvements, \$17.5 million for intercity rail cars, \$14 million for rail cars and a locomotive for the Altamont Commuter Express, and \$6 million for ferries.
- ★ **Protection of the Transportation Investment.** The Budget includes \$63 million and 386 personnel years for a nine percent increase in safety-related maintenance activities and preserving roadbed and other related infrastructure.



TRADE AND COMMERCE AGENCY

- ★ The Budget provides \$425 million to capitalize the California Infrastructure and Economic Development Bank. The Bank will leverage these funds and \$50 million deposited in 1998-99, to finance about \$1.9 billion in local infrastructure and economic development projects. See the Infrastructure section for more information.

- ★ International trade is a key component of California's economy. The Budget establishes three new foreign trade offices, spending \$800,000 in India, Singapore, and Buenos Aires to assist California businesses in increasing trade with the regions surrounding these offices.

- ★ Commercial space is an emerging industry offering high-technology jobs for the future. The Budget includes \$3.4 million for research and infrastructure projects to develop commercial uses of space, including \$1 million for studies and other efforts related to the VentureStar reusable space vehicle project and \$2.4 million for competitive grant programs.

- ★ To promote California as a film location, the Budget provides an increase of \$803,000 for the California Film Commission, including support for an automated location photography and site data system ("Cinema Scout") that assists producers in finding filming sites in California.



HOUSING

DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

- ★ The Budget funds \$2.5 million to provide technical assistance and predevelopment loans to local agencies and private, nonprofit organizations to create and preserve affordable housing.
- ★ An augmentation of \$6 million has been included for loans for the acquisition, rehabilitation, and preservation of low-cost housing. The number of units to be assisted is expected to range from 300 to 400.
- ★ The Farmworker Housing Program is augmented by \$4 million to build or rehabilitate permanent housing for agricultural workers and their families.
- ★ Another \$5 million is provided for construction of multi-family housing developments for families moving from welfare to self-sufficiency. These developments will have facilities for child care and job training programs.
- ★ The Self-help Housing Program was increased by \$1 million to provide technical assistance to families who build their own homes using sweat equity.

In addition, the Budget includes funding in other departments for housing:

- ★ The Military Department received \$635,000 for its costs in making armories available as homeless shelters. Additionally, \$1.4 million has been set aside for legislation to expand the use of armories as homeless shelters and for emergency housing grants for counties which cannot use armories.



- ★ The Budget provides \$1 million to the Department of Mental Health to create a new program for supportive housing focused on CalWORKs special needs populations.



DEPARTMENT OF SOCIAL SERVICES (DSS)

CHILD WELFARE SYSTEM

The child welfare system in California provides a continuum of services to children who are abused or neglected, and to their families, through three primary programs: Child Welfare Services (CWS), Foster Care, and Adoptions. The Budget Act of 1999 includes \$2.7 billion (\$1.1 billion General Fund) to provide assistance payments, services, and program administration.

Foster Care Reforms

The Budget continues the program reform efforts contained within Chapter 311, Statutes of 1998, which will increase oversight by state and county officials, ensure the safety of children, and enhance fiscal integrity. The funding includes:

- ★ **Foster Care Provider Rate Increases.** The Budget includes \$31.7 million (\$13.7 million General Fund) to provide a 2.36 percent cost-of-living adjustment based on the California Necessities Index to all foster care providers, effective July 1, 1999, and an additional increase of 2.36 percent effective January 1, 2000.
- ★ **Group Home Monthly Visits.** The Budget includes \$17.9 million (\$10.5 million General Fund) to provide monthly visits by social workers to all foster care children in group home care, permitting an additional ten visits annually per child, including those placed in out-of-state facilities.
- ★ **Foster Care Public Health Nurses.** The Budget includes \$9.9 million (\$2.5 million General Fund) for public health nurses to help foster care children gain improved access to health related services.



- ★ **Independent Living Program Expansion.** The Budget includes \$15.2 million General Fund to prepare foster children and former foster youth between the ages of 16 and 21 for the transition from foster care to emancipation by teaching them the life-skills necessary to function independently in society. Statewide standards and program outcomes will be developed by July 1, 2000.
- ★ **Foster Care Ombudsperson.** The Budget includes \$562,000 (\$281,000 General Fund) to establish the Office of the Foster Care Ombudsperson to resolve issues related to the care, placement, and/or services provided to children in out-of-home care. The Budget contains sufficient funding to permit regional foster care ombudsperson offices to enhance accessibility.

Child Welfare Services Augmentation

The Budget continues to provide \$68.4 million (\$40 million General Fund) as emergency funding for additional county CWS workers to reduce the workload of caseworkers. Currently, caseworkers respond to approximately 185,000 cases of abused and neglected children each month.

Kinship Guardianship Assistance Payment (Kin-GAP)

The Budget Act of 1999 includes Kin-GAP program costs of \$11.7 million (\$4.0 million General Fund) offset by \$12.5 million (\$3.3 million General Fund) in savings to CalWORKs, Foster Care, and Child Welfare Services to implement the Kin-GAP program pursuant to Chapter 1055, Statutes of 1998. The Kin-GAP program provides another permanent placement option for children in stable kinship care by continuing financial support after guardianship by a relative has been established and the child is no longer a



dependent of the court. The program will become effective January 2000, providing a monthly grant equivalent to 100 percent of the age-specific foster family home schedule of rates.

CALIFORNIA FOOD ASSISTANCE PROGRAM (CFAP)

The Budget includes \$66.9 million General Fund for the CFAP in 1999-00. The program provides food coupons to documented persons who entered this country before August 22, 1996, and who are not eligible for federal food stamps solely because of their immigration status. Effective October 1, 1999, the CFAP also has been expanded for one year to include documented persons who entered this country after August 22, 1996.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

The Budget includes total CalWORKs expenditures of \$7.3 billion. Of the \$7.3 billion, \$6.2 billion is budgeted within DSS, and the remaining \$1.1 billion is budgeted in other state programs and county budgets. The Budget meets California's \$2.9 billion maintenance-of-effort requirement.

- ★ **Caseload Trends.** The CalWORKs caseload is projected to decrease for the fifth consecutive year in 1999-00. For 1999-00, the average monthly caseload is expected to be 602,000 (1,663,000 recipients). This represents a 6.8 percent decline from the 1998-99 projection.
- ★ **Grant Levels.** The Budget includes a July 1999 cost-of-living adjustment (COLA) of 2.36 percent based on the California Necessities Index (CNI). This includes \$102.6 million to increase the monthly cash grant level



for a family of three in Region I from \$611 to \$625 and in Region II from \$582 to \$596.

- ★ **CalWORKs Child Care.** The Budget funds the estimated need for child care for CalWORKs recipients with a total of \$1.2 billion to provide services to approximately 274,500 children. A total of \$495.9 million is budgeted within DSS for CalWORKs child care. In addition, the budgets for the California Department of Education (CDE) and California Community Colleges include \$448.8 million and \$15 million, respectively, to provide CalWORKs child care services. The \$1.2 billion amount includes a \$270.7 million reserve to be used by either DSS or CDE child care providers, as needed during the year.

- ★ **Fiscal Incentives.** The Budget includes \$510.6 million in incentive payments for counties. The incentives are the result of savings from (1) recipients' successful exit from the program due to employment, (2) grant savings due to increased earnings, and (3) up-front diversions from initial entry onto aid. The incentives provide flexibility for local officials to reinvest these savings into programs that reflect local priorities and innovative approaches to transition recipients from welfare to work.

- ★ **Federal Welfare-to-Work Grant.** The federal Welfare-to-Work grant will continue to be used to supplement the CalWORKs program. The State received a total of \$367.6 million from this grant in 1997-98 and 1998-99. Eighty-five percent of these grant funds have been appropriated to the Employment Development Department for allocation to local Service Delivery Areas for job training and placement services for hard-to-employ CalWORKs recipients. The State is required to match every \$2 of this funding with \$1 in state or local funding. The 1999-00 Budget for DSS includes \$25 million General Fund to-



ward this match requirement to supplement CalWORKs employment services.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP) PROGRAM

- ★ Caseload is projected to increase to 1,063,000 recipients in 1999-00, a 2.6 percent increase over 1998-99. Total SSI/SSP General Fund expenditures are projected to be \$2.5 billion, compared to \$2.2 billion in 1998-99.
- ★ In January 2000, SSI/SSP recipients will receive an estimated 2.36 percent COLA. This will increase monthly grants for aged/disabled recipients by \$16 to \$692 for an individual and by \$28 to \$1,229 for a couple. The monthly grants for blind recipients will increase by \$17 to \$749 for an individual and by \$33 to \$1,424 for a couple. California's SSI/SSP payment standards continue to be the highest among the ten most populous states.

ADULT PROTECTIVE SERVICES (APS)

The 1998-99 Budget included an augmentation of \$32.9 million (\$20 million General Fund) to expand APS, as provided for under Chapter 946, Statutes of 1998, to include a 24-hour emergency response system, emergency shelter, food, transportation, and in-home protective care. The 1999-00 Budget includes an additional \$34.9 million (\$25.3 million General Fund) to bring the total for APS to \$88.6 million (\$56.2 million General Fund).

IN-HOME SUPPORTIVE SERVICES (IHSS)

The 1999-00 average monthly caseload is projected to be 229,000 cases, an increase of 5.5 percent over the 1998-99 caseload of 217,000. Total IHSS General Fund expenditures



are projected to be \$540.5 million, an increase of 1.9 percent above estimated 1998-99 expenditures. This includes a \$33.6 million General Fund augmentation to provide a 50 cent wage increase to IHSS providers in counties administering these services through a public authority effective July 1, 1999 with an 80 percent state share-of-cost for 1999-00 only. The Budget also includes a \$58.1 million increase in federal Title XX funds which offset General Fund costs by the same amount.

CASH ASSISTANCE PROGRAM FOR IMMIGRANTS (CAPI)

The Budget includes \$44.9 million General Fund for the CAPI program in 1999-00. The program provides benefits to documented persons in the country prior to August 22, 1996, who were not receiving SSI/SSP benefits on September 30, 1998. In addition, the CAPI program has been expanded for one year to also include documented persons arriving in the country after August 22, 1996.

CALIFORNIA DEPARTMENT OF AGING

EXPANSION OF SENIORS' PROGRAMS

The Budget includes additional funding of \$12.4 million (\$8.9 million General Fund) for expansion of seniors' services programs, including the Multipurpose Senior Services, Health Insurance Counseling and Advocacy, Linkages, Long-Term Care Ombudsman, Respite, Brown Bag, Senior Companion, and Foster Grandparent programs.

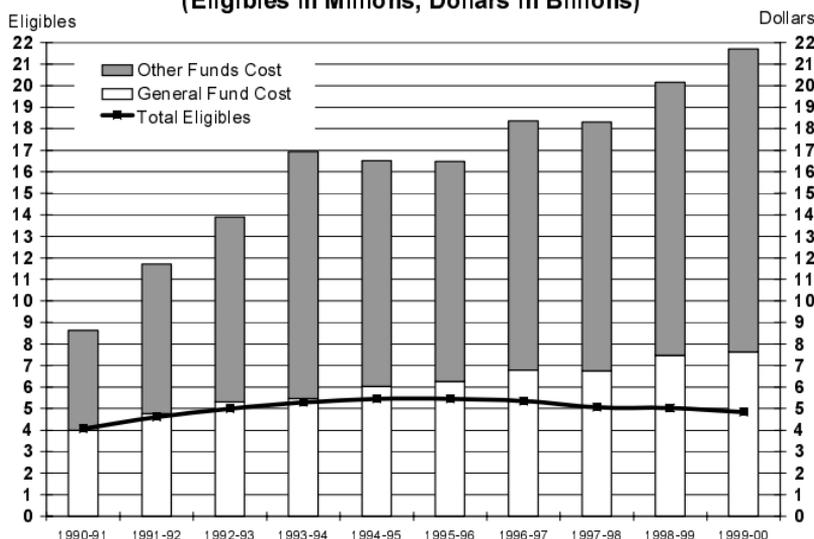


DEPARTMENT OF HEALTH SERVICES (DHS) MEDI-CAL

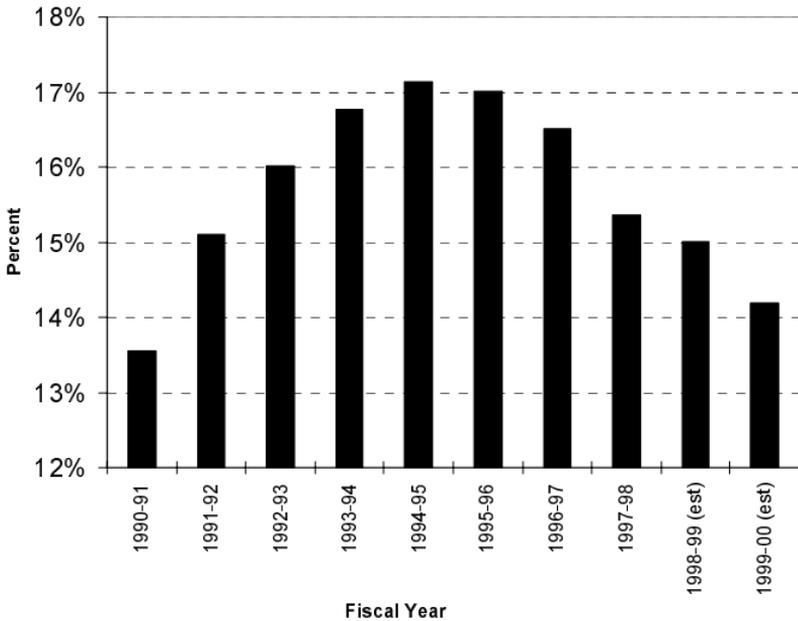
- ★ Projected Medi-Cal costs for 1999-00 are \$21.7 billion (\$7.6 billion General Fund).
- ★ Overall caseload will continue to decline from its historical high of 17.1 percent of California's population in 1994-95. The decline will approximate 3.8 percent in 1999-00 compared to a 1.7 percent increase in the state population. The average monthly number of persons enrolled in Medi-Cal is about 4.8 million, representing one in every seven Californians.

However, Medi-Cal cost increases continue; primarily due to growth in the number of services used, increases in the frequency of services, and higher costs per unit of service, which are partially offset by the decrease in the number of beneficiaries.

Medi-Cal Caseload and Costs, 1990-91 through 1999-00
(Eligibles in Millions, Dollars in Billions)



Average Monthly Medi-Cal Eligibles as a Percentage of California Population



The 1999-00 Budget includes the following major General Fund augmentations:

- ★ \$30 million to reduce required contributions by public disproportionate share hospitals (DSH) for Medi-Cal program costs.
- ★ \$4.7 million to expand the Family Planning, Access, Care, and Treatment (PACT) program, providing more services to males and to persons not at risk of pregnancy, assuming enhanced federal financial participation at 90 percent for the state-only Family PACT program, thereby reducing General Fund costs by over \$146 million.
- ★ \$41 million to expand Medi-Cal eligibility to include low-income two-parent families earning up to 100 percent of the federal poverty level.



- ★ \$36 million to improve nursing home quality of care by increasing nursing home staffing and providing wage and benefit increases to direct care workers in nursing homes.
- ★ \$27.8 million for various Medi-Cal provider rate increases.
- ★ \$1.6 million for 40 new positions to prevent, detect, and combat Medi-Cal fraud for savings of \$2.5 million General Fund in the first year.

PUBLIC HEALTH

- ★ **Enhanced HIV/AIDS Programs.** The Budget provides total funding of \$249.4 million (\$113.7 million General Fund), which includes an augmentation of \$13.4 million General Fund to expand HIV/AIDS education, prevention, and care and treatment services, which will make a significant contribution toward preventing the transmission of HIV and in providing effective treatment. In addition, the Budget provides \$140.3 million (\$46.2 million General Fund) to fully fund anticipated demand for the AIDS Drug Assistance Program.
- ★ **Breast Cancer Treatment.** The Budget provides a one-year \$5 million General Fund augmentation to establish a new breast cancer treatment program that will provide matching funds for services to underinsured Californians with incomes at or below 200 percent of the federal poverty level.
- ★ **Partnership for Responsible Parenting.** Recognizing the importance of preventing out-of-wedlock and teenage pregnancy, the Budget provides total funding of \$35.7 million (\$32.9 million General Fund) for the media campaign, statutory rape prosecution, mentoring, and male responsibility components of the Partnership for Responsible Parenting.



- ★ **Domestic Violence Prevention.** The Budget provides \$21.0 million General Fund, including an augmentation of \$2.5 million General Fund, to increase access to housing and other shelter-based services for the victims of domestic violence, and \$2.5 million General Fund for local community domestic violence intervention projects.

- ★ **Alzheimer's Disease Research, Diagnosis, and Treatment.** The Budget provides total funding of \$4.9 million General Fund, including an augmentation of \$1.5 million General Fund, for Alzheimer's Research, Diagnosis, and Treatment Centers.

- ★ **Cancer Research.** The Budget provides total funding of approximately \$32.5 million General Fund, which includes an augmentation of \$2.5 million General Fund, to enhance cancer-research activities.

- ★ **Clinics.** The Budget provides \$28.6 million (\$24.6 million General Fund), including an increase of \$5.0 million General Fund, for Rural Health Clinics, Seasonal Agricultural and Migratory Worker Clinics, and Indian Health Clinics.

- ★ **Enhanced Data Collection and Analysis.** The Budget includes \$2.0 million (\$1.0 million General Fund) to conduct a California Health Interview Survey, which will provide the State and counties with improved data for enhanced administration of health care services.

- ★ **Expanded Access to Primary Care (EAPC).** The Budget provides total funding of \$19.7 million, including a General Fund increase of \$7.9 million, to increase the EAPC program by five percent in recognition of the important health care services provided to vulnerable populations statewide. This increase assumes enactment of deficiency



legislation which appropriates \$1.7 million Cigarette and Tobacco Products Surtax Fund for the program.

- ★ **Teen Pregnancy Prevention Community Challenge Grants.** The Budget continues the \$20 million General Fund Challenge Grant program for local teen pregnancy prevention projects, made available upon approval of a federal waiver for the Family PACT Program.

- ★ **Enhanced Border Health Activities.** The Budget provides \$820,000 General Fund, including an increase of \$750,000 General Fund, for enhancing border health activities, such as addressing common water, sewage, food and drug safety, and communicable disease control efforts.

MANAGED RISK MEDICAL INSURANCE BOARD

Healthy Families Program

The Budget includes \$213.2 million (\$75.9 million General Fund) to provide health benefits to an estimated 295,000 low-income children through the Healthy Families Program (HFP) in 1999-00. The HFP will provide comprehensive coverage to uninsured children in families with income up to 250 percent of the federal poverty level after application of Medi-Cal income deductions. Additionally, a state-only program for the 1999-00 fiscal year will be provided to legal immigrant children who entered this country after August 22, 1996. Health benefits for this population beyond 1999-00 will be contingent upon the receipt of federal funds.



DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)

Developmental Centers

The Budget includes approximately \$19.4 million (\$2.0 million General Fund) for the second year of the four-year plan to improve active treatment for developmental center clients. This augmentation provides approximately 470 positions in the developmental centers including level-of-care nursing, medical and behavioral services, food services, and other ancillary services. In addition, the Budget provides \$27.6 million (\$2.3 million General Fund) to accelerate the four-year staffing plan in an effort to meet necessary certification and recertification conditions in the developmental centers. In total, the four-year plan adds approximately 1,660 positions, 663 of which are added in the 1999-00 Budget.

To provide DDS flexibility in the placement of behavior adjustment clients, \$8.4 million General Fund has been included in the Budget to initiate a 15-year lease for an 80-bed psychiatric facility in northern California.

Regional Centers

The total 1999-00 budget for regional centers increases to \$1.6 billion. The Budget includes \$104.4 million General Fund for regional center costs resulting from increased caseload, the full-year cost of minimum wage increases, and additional expenses incurred as more severely disabled clients move into the community from the developmental centers. Additionally, the Budget includes:

- ★ \$22.7 million (\$6.4 million General Fund) for the second year of the two-year plan to provide training and competency tests for community care facilities (CCF)



direct care staff and a 10.3 percent employee wage increase through facility rate increases.

- ★ \$17.0 million (\$3.6 million General Fund) to increase CCF rates by three percent on July 1, 1999, and by the 2.36 percent COLA in the Supplemental Security Income/State Supplementary Payment program effective January 1, 2000.

DEPARTMENT OF MENTAL HEALTH

The Budget includes \$26.4 million General Fund for the Children's System of Care Program, an increase of \$2.0 million above 1998-99. The Children's System of Care program provides a variety of intensive services including mental health treatment, counseling, education, health care, and social services to seriously emotionally disturbed children and their families through an interdisciplinary team of service professionals.

The Budget also includes \$10.0 million General Fund for onetime Local Incentive Grants to be provided to counties that have successfully demonstrated provision of integrated services to severely mentally ill adults who would otherwise be at risk of homelessness or incarceration and to other counties for replication of these successful programs.



DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

- ★ **Naturalization Assistance.** The Budget includes an augmentation of \$7 million General Fund in 1999-00 for naturalization services to assist documented persons in becoming naturalized citizens. This will continue and expand a \$2 million onetime naturalization assistance effort begun in 1998-99 in an effort to encourage and facilitate citizenship.

EMPLOYMENT DEVELOPMENT DEPARTMENT

Workforce Development

The 1999-00 Budget includes \$3.6 million to establish the State Workforce Investment Board and commence the planning and implementation of the Workforce Investment Act in California. The federal Workforce Investment Act of 1998 replaces the Job Training Partnership Act (JTPA), which now provides approximately \$573 million for employment and training services to youth and adults. The Workforce Investment Act allows the State the flexibility to integrate existing federal and state programs into a comprehensive and coordinated system of employment training—eliminating duplication, achieving cost efficiencies, and promoting performance accountability, customer choice, and program access.

Office of Statewide Health Planning and Development

- ★ **Rural Health Development Grants.** The Budget includes onetime funding of \$2 million General Fund, to provide infrastructure grants (\$1.8 million) to purchase diagnostic equipment, fund building repair/maintenance of rural health facilities, and provide health care professional loan repayment grants (\$0.2 million) to match funding from



rural health providers to repay educational loans for health care professionals who serve for at least two years in defined health shortage areas.

Emergency Medical Services Authority

- ★ **California Poison Control System.** The Budget includes \$4 million General Fund, a \$3 million augmentation, for state support of the California Poison Control System which serves as a single statewide poison information provider with a toll-free number available to the public twenty-four hours per day, seven days a week.



LOCAL GOVERNMENT

- ★ **Educational Revenue Augmentation Fund (ERAF) Relief.** The Budget provides a \$150 million onetime subvention from the General Fund to local agencies for ERAF relief.
- ★ **Booking Fees.** Additional fiscal relief is provided to cities in AB 1662 (Chapter 79, Statutes of 1999) which appropriates up to \$50 million in 1999-00 for subvention to cities based on their 1997-98 costs of jail booking and processing fees.
- ★ **Libraries.** The Budget includes an \$18 million augmentation to the Public Library Foundation program, for a total of \$56.9 million for allocation to local public libraries for library services.
- ★ **Infrastructure Bank.** The Budget includes \$425 million in capital for the Infrastructure Bank. In combination with the \$50 million provided in 1998-99, these funds will be leveraged to finance \$1.9 billion in local projects such as: improvements to water and sewer systems, expansion and improvement of roads and upgrading of utilities and other development site improvements. For a more extensive description, see the Infrastructure section.
- ★ **Citizen's Option for Public Safety (COPS).** The Budget provides \$100 million to local agencies for the COPS program. The funding of the COPS program is based on the current statutory allocation formula, which consists of the following:
 - ☆ \$75 million for frontline law enforcement
 - ☆ \$12.5 million to sheriffs for jail construction and operations
 - ☆ \$12.5 million to district attorneys for prosecuting criminals



- ★ **Local Agency Relief.** The Budget appropriates \$46.5 million for grants to local agencies for local parks, playgrounds, museums and recreational programs.
- ★ **Trees for The Millennium Initiative.** The Budget provides \$2.1 million for matching grants to local governments and nonprofit agencies for planting an estimated two million trees over the next four years.
- ★ **Flood Control.** The Budget provides a \$44 million subvention to local agencies for local flood control projects.

Also in the area of public safety, additional resources were included for:

- ★ **Local Law Enforcement Grants.** The Budget provides \$30 million for grants to local law enforcement agencies for addressing equipment needs.
- ★ **Local Law Enforcement Assistance.** The Budget provides an augmentation of \$16.8 million for increasing the amount of annual funds available for local assistance to combat crime. Of the amount, \$11.1 million is appropriated to counties for the cost of detaining parole violators in local jails, and \$5.7 million is for reimbursing local governments for costs related to the transportation of inmates, return of fugitives and related county charges.
- ★ **Adult and Juvenile Detention Facilities.** The Budget provides \$75 million in Federal Violent Offender Incarceration and Truth-in-Sentencing grant awards to local agencies. Of this amount, \$5 million will be used for building or expanding local adult and juvenile detention facilities, while an additional \$70 million will be used for supporting the construction, expansion, or renovation of juvenile detention facilities.



GENERAL GOVERNMENT

EMPLOYEE COMPENSATION & RETIREMENT PROGRAMS

Employee Compensation

The Administration successfully negotiated contracts with the 16 state employee bargaining units which did not have contracts as of January 1999. These contracts generally provide a 5.5 percent salary increase effective April 1, 1999. The Administration recently approved a salary increase for excluded employees which will generally provide a 2.5 percent increase effective close of business June 30, 1999. Negotiations are continuing with all 21 bargaining units for successor contracts, which would be effective July 1, 1999. The Budget includes a reserve of \$300 million General Fund for employee compensation and litigation settlements.

State Teachers' Retirement System (STRS)

The General Fund will contribute \$933.7 million to the Teachers' Retirement Fund for enhanced retirement benefits for teachers and to maintain the purchasing power protection benefit at 75 percent.

Public Employees' Retirement System (CalPERS)

The Budget reflects a reduction in the State's cost for retirement contributions of \$302.5 million (\$166.4 million General Fund) due to an investment return significantly higher than the actuarially-assumed rate and low inflation. As the General Fund payment to CalPERS is made on a quarterly basis, one quarter in arrears, only three quarters or \$260.9 million (\$124.8 million General Fund) of the full year General Fund savings will be realized in 1999-00. As part of the collective bargaining process, the Administration is discussing retirement benefit enhancements for state employees.



CENTURY CHANGE INFORMATION TECHNOLOGY ACTIVITIES

The Budget includes \$31 million from the General Fund to support Century Change remediation activities. With these funds, the state will provide an Events Management Center to serve as a control and testing facility to ensure Year 2000 readiness of mission critical mainframe computer systems, and support the state's Year 2000 Project Management Office. The Budget also allows the Director of Finance to increase expenditures as necessary with notification to the Legislature.

DEPARTMENT OF INFORMATION TECHNOLOGY

The Budget includes \$1.3 million for nine Agency Information Officers to enhance coordination of information technology activities. Six of the officers will be assigned to cabinet level agencies, and the remaining three will be responsible for all other areas of state government.

OFFICE OF PLANNING AND RESEARCH (OPR)

The Budget authorizes the Innovation in Government project and provides the mechanism for funding the evaluation of key state business practices that affect consumers in the departments of General Services, Motor Vehicles, Employment Development and Social Services, as well as the Franchise Tax Board. The project will recommend ways for those services to be improved, with a focus on enhancing client services. OPR will be provided reimbursements by the participating departments from within existing resources.



OFFICE OF EMERGENCY SERVICES (OES)

The Budget provides the following General Fund increases in 1998-99 and 1999-00 to provide OES with the resources necessary to prepare for potential Year 2000 emergency situations:

- ★ \$300,000 in 1998-99 and \$9.1 million in 1999-00 is included for inspection of businesses which handle hazardous materials for Year 2000 compliance. The purpose of the inspections is to protect Californians from the accidental release of hazardous substances caused by Year 2000-related computer malfunctions.
- ★ \$2.1 million in 1998-99 and \$2.9 million in 1999-00 is included to enhance the capability and reliability of OES' satellite communications system (OASIS) which provides a backup method of communication between local emergency response agencies and OES in case of failure of the public phone system.
- ★ \$463,000 is included in 1998-99 and \$121,000 in 1999-00 for radio communications equipment which will replace older equipment, thereby providing a more reliable means of communication in emergency response situations and backup in case of failure of the OASIS system.

DEPARTMENT OF INSURANCE (DOI)

To ensure that beneficiaries of insurance policies of Holocaust victims are appropriately compensated by insurers, the Budget includes a \$4.7 million General Fund loan to the Insurance Fund, as well as a redirection of \$348,000 Insurance Fund from within the DOI's existing budget for continuing investigation and resolution of insurance claims resulting from the Holocaust.



DEPARTMENT OF CONSUMER AFFAIRS

The Budget contains \$24.7 million General Fund for a public outreach campaign, aimed at ensuring that all persons living in California are counted in the 2000 federal decennial census.

DEPARTMENT OF GENERAL SERVICES (DGS)

The Budget includes \$4.6 million from the Emergency Telephone Number Account to implement a five-year replacement plan for 911 switching equipment at various locations around the state, in an effort to provide every California citizen with the most efficient and cost-effective access to emergency law enforcement, fire, and medical assistance.

The Budget includes a net increase of \$1.5 million Service Revolving Fund to cover the costs associated with converting janitorial services, in buildings for which DGS provides janitorial services, to permanent full-time civil service status in order to ensure consistent quality of janitorial services in state buildings.

DEPARTMENT OF INDUSTRIAL RELATIONS

The Budget contains additional funding for programs which benefit both California workers and the general public:

- ★ An augmentation of \$2.9 million is included for additional Cal-OSHA safety inspections.
- ★ The Budget provides \$5.0 million for the Division of Labor Standards Enforcement to enhance enforcement of state labor laws.
- ★ The Budget includes \$656,000 to restore funding for the Industrial Welfare Commission, which is responsible for adopting Wage Orders that affect wages, hours, and



conditions of labor and employment in California. These funds will help assure the ability of the department to administer the reestablishment of the eight-hour workday standard.

DEPARTMENT OF FOOD AND AGRICULTURE

The Budget provides \$8.8 million for activities designed to detect and eradicate or control infestations of the Red Imported Fire Ant in California.

This funding will allow for the continuation of efforts initiated with a \$3.1 million deficiency authorization in the 1998-99 fiscal year, and reflects the State's commitment to a five-year program to deal with this pest.

BOARD OF CONTROL (BOC)

★ **Victims of Crime Program.** The Budget includes a \$500,000 increase from the Restitution Fund to provide additional funding for the 20 counties which provide claims processing services for the Victims of Crime Program. These counties process 50 percent of all new claims and bills for payment of services rendered to victims, and are reimbursed by the BOC for their costs.

The Budget also includes \$737,000 (\$25,000 General Fund and \$712,000 Restitution Fund) to enable the BOC to fill positions, which will be used to significantly shorten the time in which claims are paid to victims of violent crime.

★ **Victims Services and Restitution.** The Budget includes a \$1.3 million Restitution Fund augmentation to support the establishment of a statewide comprehensive restitution program incorporating activities at both the state and



local level. Included in this proposal is \$358,000 for the Department of Corrections and \$195,000 for the Department of the Youth Authority to expand their collection efforts. The balance of the funding will support the BOC collection efforts and expand its Criminal Restitution Compact program with local district attorneys from 19 to 26 counties. Additional funding for Franchise Tax Board collections activities will be provided through the existing collections assessment of 15 percent.

MILITARY DEPARTMENT

One of the primary missions of the National Guard is to ensure the safety of the citizens of California in emergency and disaster situations, including making armories available to support civil authorities. The Budget includes \$635,000 General Fund for the Military's Temporary Emergency Shelter Program to provide up to 1,608 nights at various National Guard armories during the winter months at no nightly charge to local governments. This funding complements the \$2.0 million base Emergency Housing Assistance Program in the Department of Housing and Community Development. Additionally, \$1.4 million is being set aside for future legislation that would expand the availability of armories for homeless assistance and further address the needs for homeless shelter funds in counties without armories.

DEPARTMENT OF VETERANS AFFAIRS

The 1999-00 Budget provides a variety of enhancements to the services offered to California's three million veterans:

- ★ The Budget provides \$14.4 million to open and operate the Veterans Home of California-Chula Vista, scheduled to be completed in February 2000. The Department plans



for veterans to begin residency at the 400-bed facility in April 2000.

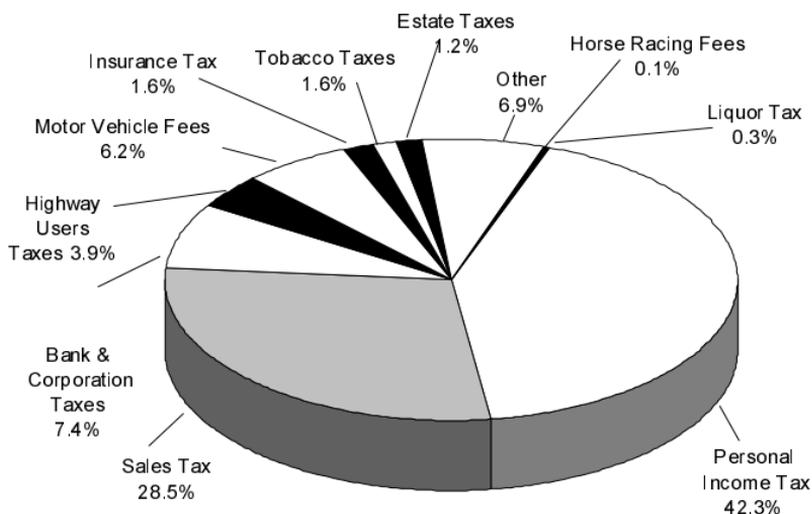
- ★ An additional \$250,000 General Fund is included for the County Veterans Service Officer program, which assists veterans in obtaining State and federal benefits to which they are entitled. This augmentation brings the total level of General Fund support for this program to \$2.3 million.
- ★ An augmentation of \$873,000 is provided to the Yountville and Barstow Veterans Homes for the operation of licensed Residential Care Facilities for the Elderly. This level of care provides Home residents with assistance in certain functions of daily living, while maintaining a high level of activity and independence.
- ★ The Budget provides \$1.1 million General Fund for the Therapeutic Residential Helper Programs at the Yountville and Barstow Veterans Homes. This program enables residents to contribute to the Home through therapeutic activities which promote self-esteem and prolonged physical and social activity.
- ★ An augmentation of \$90,000 General Fund is provided to establish the position of Inspector General within the Department, who will be responsible for investigating quality of care issues at the State veterans homes.
- ★ The Budget contains \$120,000 General Fund for a feasibility study regarding improvements and expansion of the Yountville Veterans Cemetery, which is currently filled to capacity. This study will be the first step in the process of qualifying for a federal grant program, which provides 100 percent of construction and equipment costs to improve and expand the capacity of the cemetery.



REVENUES 1999-00 FISCAL YEAR

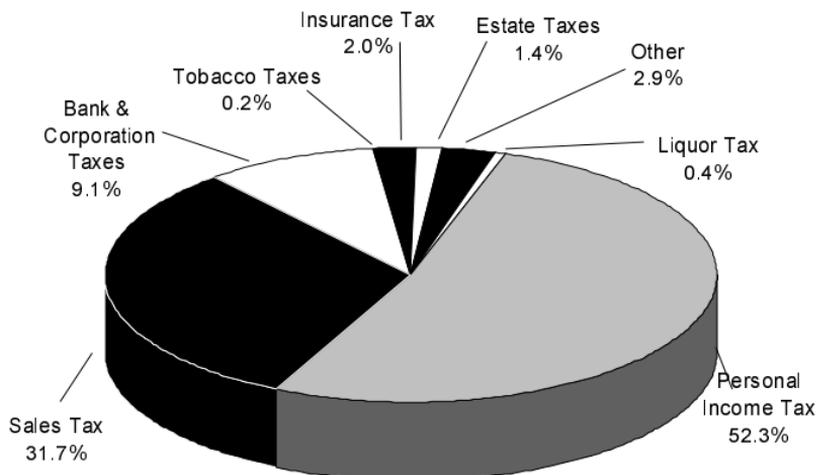
1990-00

Total Revenues and Transfers



1999-00

General Fund Revenues and Transfers

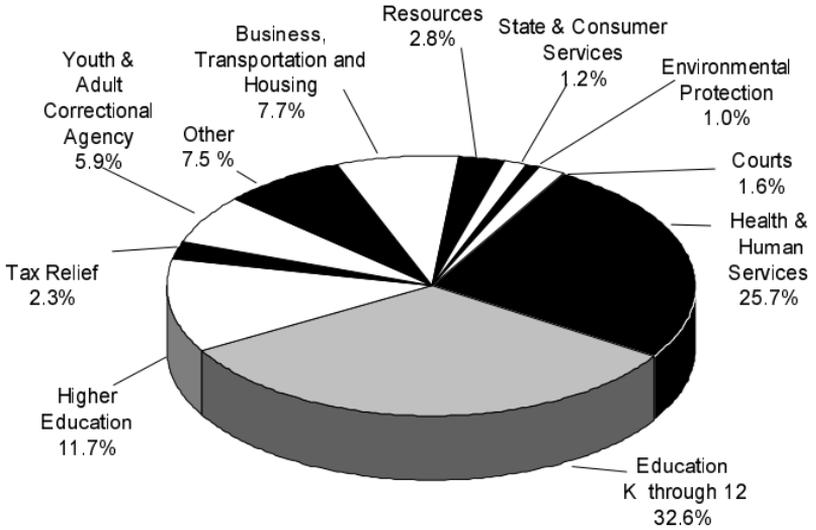


EXPENDITURES
1999-00 FISCAL YEAR

1999-00

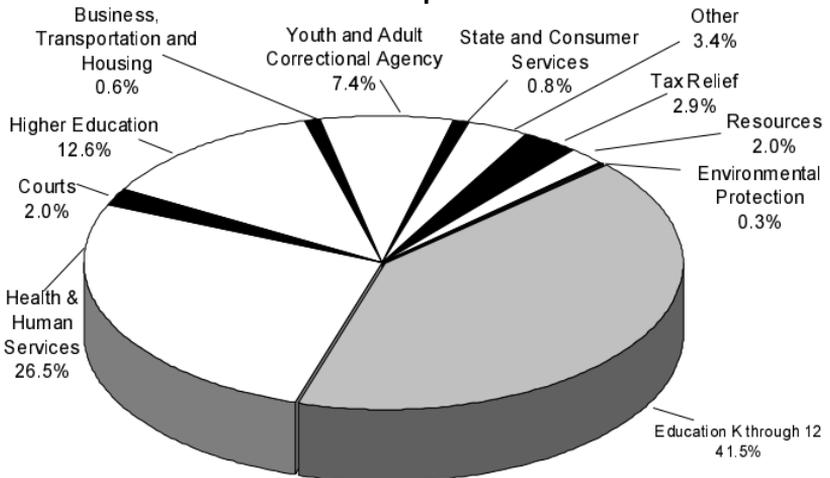
Total Expenditures

(Including Selected Bond Funds)

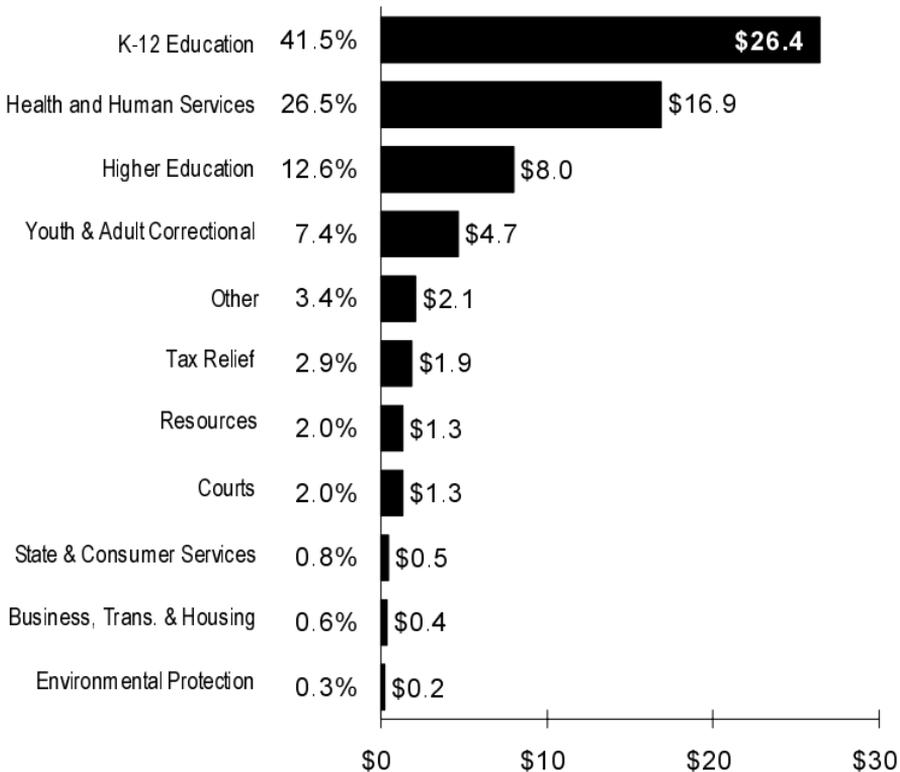


1999-00

General Fund Expenditures



1999-00 General Fund Expenditures
(Dollars in Billions)



**1999-00 General Fund
Budget Summary**
(Dollars in Millions)

	<u>1998-99</u>	<u>1999-00</u>
Prior Year Balance	\$3,064	\$2,412
Revenues and Transfers	<u>\$57,927</u>	<u>\$62,981</u>
Total Resources Available	\$60,991	\$65,393
Expenditures	<u>\$58,579</u>	<u>\$63,733</u>
Fund Balance	\$2,412	\$1,660
Budget Reserves:		
Reserve for Liquidation of Encumbrances	\$480	\$480
Set aside for Employee Compensation and Litigation	\$0	\$300
Special Fund for Economic Uncertainties	\$1,932	\$880



1999-00 Expenditures By Fund (Dollars in Millions)

Function	General Fund	Special Funds	Bond Funds	Total
Education (K-12)	\$26,418	\$49	\$36	\$26,503
Health and Human Services	16,921	4,002	5	20,928
Higher Education	8,012	686	816	9,514
Business, Transportation and Housing	412	5,390	454	6,256
Trade and Commerce	482	1	--	483
Tax Relief	1,868	--	--	1,868
Local Government Subventions	322	3,255	--	3,577
Youth and Adult Corrections	4,739	17	7	4,763
Resources	1,272	918	97	2,287
Environmental Protection	176	547	75	798
State and Consumer Services	482	485	42	1,009
Other	2,629	732	--	3,361
Total	\$63,733	\$16,082	\$1,532	\$81,347

General Fund Expenditures by Agency (Dollars in Millions)

	1998-99	1999-00
Legislative, Judicial, Executive	\$1,893	\$2,195
State and Consumer Services	448	482
Business, Transportation & Housing	298	412
Trade and Commerce	109	482
Resources	1,204	1,272
Environmental Protection	176	176
Health and Human Services	16,335	16,921
Youth and Adult Correctional	4,557	4,739
K-12 Education	23,772	26,418
Higher Education	7,438	8,012
General Government	2,349	2,624
Total	\$58,579	\$63,733



EXECUTIVE OFFICE

B. TIMOTHY GAGE
DIRECTOR OF FINANCE
445-4141

BETTY T. YEE
CHIEF DEPUTY DIRECTOR
445-9862

ANNETTE PORINI
CHIEF DEPUTY DIRECTOR
445-8582

DENNIS HORDYK
ASSISTANT DIRECTOR
445-4923

ROBERT MIYASHIRO
DEPUTY DIRECTOR FOR
LEGISLATION
445-8610

SANDY HARRISON
ASSISTANT DIRECTOR
323-0648

FLOYD SHIMOMURA
CHIEF COUNSEL
324-4856

BUDGET PROGRAM AREAS

Revenue Forecasting, Economic Projections, Demographic Research, Business, Transportation and Housing, and Trade and Commerce. Shelley Mateo 322-2263

Education Kathryn Gaither 445-0328

Health and Human Services, and Local Government Stan Cubanski 445-6423

Youth and Adult Correctional, Justice, General Government and State and Consumer Services Calvin Smith 445-8913

Resources, Environment, Energy, Capital Outlay and Legislation Fred Klass 324-0043

Employee Relations, Retirement Systems Robert Straight 327-0201

Budget Planning and Preparation, Cash Management, Statewide Issues .. Carl Rogers 445-5332

California's Budget on the Internet

This document is also available on the Internet at the California Department of Finance website—<http://www.dof.ca.gov>

